PROJECT HAMMER RELOADED

Riches looted by the Nazis and Japanese during WWII and recovered by the United States OSS and CIA have been used to finance secret government projects over the decades and save major banks from insolvency.

Part 1 of 2

by David G. Guyatt © 2003

c/- NEXUS Office
55 Queens Road
East Grinstead, W. Sussex RH19 1BG
United Kingdom

Website:
http://www.deepblacklies.co.uk

BACKGROUND ON "COLLATERAL TRADING"

Beginning in 1988 and lasting until approximately 1992, "Project Hammer" was the latest in a series of highly secretive banking practices—known as "collateral trading" programmes—that are used to create, as if by magic, huge amounts of unaccountable funds for use in specific projects.

These vast pools of unvouchered slush funds are applied to finance a wide variety of clandestine activities that include secret military projects, geo-political requirements and the development of infrastructure projects.

It is also whispered that, in the case of the Project Hammer programme at least, a percentage of the proceeds generated from this secretive activity found its way into the pockets of VIPs and well-known politicians. Names associated with such corrupt behaviour are carried on the wind; but if one listens attentively, the names George Bush, Sr, and Jim Baker III are just discernible to the trained ear.

An example of the type of project on which these funds are expended is the trading programme known as "EFG Jacobi"—a predecessor of Hammer—that I understand was used largely to finance military facilities and related operations at the top-secret US base located at Pine Gap near Alice Springs in central Australia.

In order to maintain the secrecy that surrounds genuine activity, these trading programmes are routinely said not to exist. Enquiries about them are deflected and attention is instead focused on the warnings issued by government agencies about fake programmes. This, when combined with the numerous prosecutions that occur every year over fraudulent High Yield Investment Programme transactions, serves to create the impression that authorised programmes do not occur.

The reasons for this deflection are many, but not least is the fact that the asset bases on which these programmes usually operate are also said not to exist—at least in the quantities that they actually do. The assets in question are large volumes of gold and lesser amounts of platinum plundered by the Nazis and Japanese during World War II.

The fact that gold has been the one stable commodity used to back and support the issuance of currency over the decades means that it has been subject to considerable government and central bank secrecy. It was only in 1997 that the Bank of England decided to lift this veil of secrecy and allow the London bullion market a degree of openness. But that openness did not include coming clean about the true amount of gold in existence, which is far larger than official figures allow.

Because of this and the extremely covert nature of related trading programmes, comprehensive details of the programmes' operations and the financing techniques employed have remained hidden from public view. At least this was the case prior to the publication of part one of this series, *The Project Hammer File*.[1] This essay is the result of further examination of the techniques and activity of Project Hammer, and now places additional important material into the public domain.

Project Hammer remains a high-level state secret in a number of countries including the USA. This was confirmed *de facto* by the CIA in its refusal to release any relevant information following my Freedom of Information Act request in February 2001. The exemption used by the CIA to reject my request was that relevant material is "properly classified pursuant to an Executive Order in the interest of national defense or foreign policy".[2]

Project Hammer also stands out because proceeds from the trading activity were illegally diverted by major banks. Confirmation of this is provided by Brigadier-General Erle Cocke in his April 2000 affidavit. In this, General Cocke was asked about the involvement of former US Treasury Secretary Lloyd Bentsen, who was retained to investigate what had happened to (and also to recover) the missing funds. Asked if Bentsen "had the government's interest in closing this whole problem" and if he had "ever had a discussion" with Bentsen, Cocke replied:

> *Many hours just trying to find out whether any agency, any group, Federal Reserve, Treasury, CIA, FBI, security agencies, and so forth, all of them put together, whether any of which would really like to finish. And, quite frankly, nobody stepped up to the plate.*

Cocke was then asked if "they would like to finish it", and he responded:

> *I think they would like to finish it, but they all back away. It is not my cup of tea, or they have spent enough time with it and are not going to realize anything, and therefore they just quit. They don't confirm, they don't deny, they just stop.*

One can conclude that the banks that diverted this money were too powerful for any agency of the US government to tackle. It also helped that suitable and substantial "incentives" were provided to former high-level Bush (Sr) Administration figures to bring their influence to bear quietly to ensure that action against the banks was not taken.

One can conclude that the banks that diverted this money were too powerful for any agency of the US government to tackle.

Although not part of the sanctioned plan for Project Hammer—which was to generate funds to pay off debts on bullion certificates issued by certain metal trusts—the funds were siphoned off surreptitiously in order to rescue numerous major US and other banks that by the latter half of the 1980s were tottering on the brink of bankruptcy.[3]

The banks only had themselves to blame for their imminent collapse. Reckless lending to Third World nations for over a decade or more, combined with the raw greed of senior bank executives, had caused unparalleled damage to the world's banking system. The inability of indebted Third World nations to repay their massive debts could have been—in fact, was—foreseen, but was ignored.

The spiral of gluttony had taken prisoner the faculty of prudence and reason as bank executives, seeking their next bonus and promotion, pleaded with sovereign nations to take loans they did not need and ultimately could not repay. Nor was it unusual for some of the funds on loan to find their way into the private bank accounts of corrupt state officials—"diversions" that were known about in the boardrooms of the top banks, but ignored as "business as usual".

By the end of the 1980s, big banks including Citibank, Chase Manhattan, the Hongkong and Shanghai Banking Corporation (HSBC), England's Midland Bank and many, many others were in dire straits. In all but name, they were bankrupt. The possibility of a prolonged series of collapses of the world's top banks—a sort of "domino theory" of finance—was regarded in some quarters with palpable fear. The entire Western banking system was rocking when it should have been rolling along nicely.

Somewhere, someone—nobody knows who (or at least no one is saying)—took the decision to bail out the banks and save the banking system by diverting Project Hammer funds for this purpose. Those banking executives who caused the problem in the first place weren't confronted by their mistakes or held to account by their shareholders but, instead, continued to collect their million-dollar pay cheques, boost their bonus payments and profit shares, flick ash off their Cuban cigars, quaff bottles of expensive Cheval Blanc and slap each other on the back in delighted relief. One of those sighing relief was almost certainly Citibank's John Reed. Another one quite likely to have been cultivating a quiet exhalation was Hongkong and Shanghai Bank boss Sir William Purvis.

Meanwhile, many investors who had placed their money into Project Hammer in return for an agreed profit, as well as all those middle-men who had worked hard for their promised commission, were relieved of their money in a twisted version of the well-known axiom, "One man's loss is another banker's gain".

STEALING FROM THIEVES

The sanctioned purpose of Project Hammer was of a macroeconomic nature, which is a nice way of saying that it was all to do with "repatriating" the assets stolen earlier by someone else—except that when nations steal valuable assets during wartime, it's called "plunder"; but when the victors in that war grab those same assets, they call it "recovery".

The assets in question were a vast horde of gold and lesser quantities of platinum plus not inconsiderable amounts of loose gemstones which had been grabbed by the Nazis and the Japanese during World War II. A large volume of this loot found its way to the Philippines where it was hidden in numerous treasure sites by the Japanese occupiers, who planned to recover it after the war.

But it didn't quite work out the way the Japanese had planned. They lost the war, along with the Philippines—which, it seems, they had been fairly confident of being allowed to keep in a negotiated truce with the Allies.

In their place, the OSS—the wartime forerunner of America's spy agency, the Central Intelligence Agency (CIA)—began recovering the bullion plundered from a dozen or so nations. This bullion formed what became known as the "Black Eagle" fund, which was part of a secret agreement eclipsed behind the 1944 Bretton Woods Agreement. Consequently, the metal was placed under the care of OSS (and later CIA) operative Severino Garcia Santa Romana, who put it under the control of numerous corporate entities he formed for the purpose. These entities, in turn, proceeded to establish 176 bank accounts in 42 different countries in which to deposit these assets under private treaty agreement.

Confirmation of this came from General Cocke, after this was put to him: "I have been advised that a chunk of the Hammer Project funds that were used to trade, to invest and reinvest, came from a large block of assets that CIA put into the bank [Citibank]." Cocke replied: "And they pulled that several times from several sources. Nobody is going to confirm it."[4]

Santa Romana died in 1974, and following his death his former attorney and trustee was able to "acquire" considerable portions of Santa Romana's estate by illicit means. The lawyer was Ferdinand Marcos, who went on to become President of the Philippines and a favourite friend of the United States until his overthrow in 1986. The acquisition of these assets helped give rise to stories of "Marcos gold"—a legend that was supplemented by additional later recoveries of WWII gold and other loot using a Filipino Army battalion under the overall command of Marcos henchman General Fabian Ver.

But Marcos was not the sole illegitimate beneficiary of war loot once controlled by Santa Romana. Another was the late Baron Krupp who, I have been told, also gained access to some of these assets. Meanwhile, it is worth mentioning that Santa Romana, prior to his death, was apparently associated with former US President and head of the CIA, George H. W. Bush, and "had some contact" with Jeb Bush, the Governor of Florida.

In any event, this bullion has collectively given rise to a whole class of gold and platinum certificates issued over the decades, mainly by top-drawer European banks. The certificates bear the names of prominent, and in some cases infamous, individuals—usually heads of state—as beneficiaries. However, these named owners were and are not the legal beneficiaries but, rather, were cat's-paws used to muddy the waters concerning the true origin of the bullion. Nor did the banks that held the assets own them, but they could and did use them in support of their off–balance sheet activity—to the point of irresponsibility.

It should not be forgotten that this gold and platinum hoard was stolen and that, under international law, every effort should have been made to return it to its rightful owners—rather than secretly stash it in bank vaults for use in Cold War covert operations. And although it can reasonably be argued that the true owners could never be traced—since the greater quantity of the bullion was privately owned (rather than being central bank bullion)—it is clear that the ends dictated the means.

And even though numerous nations around the world were to benefit from post-war reconstruction based on the use and application of this war booty, the price of this apparent largesse was for these nations to be moulded into Uncle Sam's image. As they say in America's boardrooms, "There's no such thing as a free lunch".

In examining the techniques employed in setting up Project Hammer, one is struck not just by the complexity of it but also by the way the banks and intelligence agencies involved structured things to shield themselves from responsibility...

In examining the techniques employed in setting up Project Hammer, one is struck not just by the complexity of it but also by the way the banks and intelligence agencies involved structured things to shield themselves from responsibility (and lawsuits, no doubt) by utilising subterranean networks, each working at "arm's length".

Piecing these techniques and networks together has been an arduous, painstaking task, but the process has further unveiled a shadow world of parallel finance usually only known to those initiated into it.

THE EMPIRE STATE CONNECTION

During his April 2000 deposition, just days before his death from cancer, Brigadier-General Erle Cocke, when asked about the overall objective of Project Hammer, replied:

Well, it was mainly to bring back monies to the United States from all types of activities, both legitimately and illegitimately. Not that they were in the smuggling business per se, but they were all in the arms business, they were all retracing dollars of one description or another that had accumulated all through the '40s and '50s, really. And that probably is as broad a definition as I can give you…

General Cocke then added that involvement in Project Hammer extended to:

…the CIA, the FBI, the National Security Agencies of all types, Pentagon in the broad sense of it and as such, the Treasury, Federal Reserve. Nobody got out of the act, everybody wanted to get in on the act."[5]

Cocke's involvement with clandestine CIA activities dates back many years. At the very least, he is known to have been involved with the CIA's Nugan Hand Bank. For example, US Treasury records obtained by veteran journalist and author Jonathan Kwitny show Cocke as the registered "person in charge" of Nugan Hand's Washington office.[6]

Cocke also indicated in his affidavit that he was regularly contacted by the CIA for expert assistance over the years and was usually debriefed by them following overseas travel. Despite this, a Freedom of Information Act request to the CIA made on behalf of this writer was dismissed with the statement that "…no records responsive to your request were located"—which is not entirely the same thing as saying that no records exist.[7]

It also appears that the CIA is not the only one that cares to deny knowledge of General Cocke. Another is former Citibank CEO and Chairman John Reed, who, in a sworn affidavit dated 5 December 2000, stated he had "no knowledge of any persons named Erle Cocke, Jr, or Barrie D. Wamboldt". Both the CIA and Citibank's John Reed hold at least one major advantage over General Cocke: they are alive and he is dead; and while it is true that the dead can't lie, it is also true that they can't rebut anyone's testimony—sworn or otherwise.[8]

In his deposition, Cocke states that although he had never "met" John Reed, he had attempted on numerous occasions to speak with him, but was continually rejected:

We did our best to make the normal approaches, but I can see the President of the United States with no trouble. I cannot see Reed.[9]

The "we" Cocke was referring to, besides himself, was Paul Green, a "long-time real estate lawyer in New York" with "50 years practice", who "had done most of his real estate dealings through Citibank".[10] Green also did some of his banking business with Citibank at its Fifth Avenue, New York, branch under account FOCUS #946 963 94.

According to Cocke, Paul Green was an outside counsel for Citibank and went back "…30-odd years with large transactions through that bank, buying and selling big buildings. He was very much involved buying and selling the Empire State Building one time."[11] Asked if Green was involved in the purchase and sale of collateral instruments, Cocke replied:

Probably not as an individual. But he represented the clients that certainly wanted to do the same thing.[12]

News in late March 2003 revealed that the Empire State Building had just been sold by casino king Donald Trump and the heirs of shady Japanese billionaire Hideki Yokoi for US$57.5 million. Yokoi (who, at the time, was serving a prison sentence and had secretly negotiated the transaction through a middleman) and his partner Trump had gained ownership of the building in 1991 for US$42 million. Little is known about Yokoi's World War II activities.

The building last changed hands four decades earlier in 1961, when it was acquired by real estate tycoon Harry Helmsley from the Prudential Insurance Company in a sale-leaseback deal. The world-renowned skyscraper was built on land owned by the Astor family and sold to the DuPonts in 1929. Construction of the Empire State Building began in 1930. John Jacob Astor was one of the first Americans to become involved in the opium trade, from which his later fortune derived. This he invested in Manhattan real estate. The architects of the Empire State Building were Shreve, Lamb & Harmon Associates—designers of One Bankers Trust Plaza, the HQ of Bankers Trust, together with the Credit Lyonnais building in New York City.

It is of more than passing interest that one law firm represents many of the "actors" who appear in this story. That firm is White & Case. Amongst numerous notable achievements listed on its website background/history is its representation of the DuPont Group in its sale of the Empire State Building in 1954 for the princely sum of US$51.5 million. As we noted earlier, almost 40 years later, in 1991, the building sold for the less than princely sum of US$42 million. I am not certain how the real estate investors define investment performance over the years, but an aggregate loss of US$9.5 million over the course of 37 years doesn't usually constitute an investment accomplishment by any standard I know.[13]

The ancestor of all trust companies is England's Foreign & Colonial Investment Trust, which dates back to 1868 and was conceived by one of the foremost legal minds of the day, Lord Westbury.

Meanwhile, a brief review of White & Case's client list tell us that they also represented the First National Bank (the forerunner of Citibank), Astor Trust Company,[14] Prudential, J. P. Morgan & Co., Saudi Aramco, Swiss Bank Corporation and Seagram Company Ltd of Canada, controlled by the Bronfman family—regarded by some as the kings of the Canadian mafia.[15] But White & Case's most "enduring" client is Bankers Trust Company, a J. P. Morgan–controlled bank which the law firm was "centrally involved" in forming back in 1903.

The ancestor of all trust companies is England's Foreign & Colonial Investment Trust, which dates back to 1868 and was conceived by one of the foremost legal minds of the day, Lord Westbury. The current Lord Westbury, Richard Bethell, will appear later in this story.

But first, let's step through the looking glass and examine one of the early Hammer deals, which General Cocke believed:

…was one of the very early transactions, as far as I am concerned, with Hammer. I think he [Dan Hughes] is the one who expanded Hammer in the sense that we moved from one hundred million [dollars] to a billion-type movement, and now we are doubling, about a trillion. He is the one who enhanced it, is the best way of saying.

THE HUGHES PORTAL

Dan Hughes, Jr, the nephew of US Representative William J. Hughes from New Jersey, made a considerable fortune in the construction business in Florida during his early working life. By the mid-1980s, with paper assets nearing US$100 million, he became involved in collateral trading and by late 1989 entered the realm of Project Hammer.

During the autumn of 1989, Hughes was approached by Peter Seaman, the President and Chairman of a small investment bank called Nantucket Holding Company. Seaman had developed an arrangement with Ecoban Limited, a small merchant bank with offices in London and New York City that specialised in emerging market-debt and the A'forfait market.[16] Seaman, using Nantucket Holding Company, concluded an agreement by which Ecoban would purchase US$100 million worth of documentary letters of credit issued by the head offices of Citibank NA and the Chase Manhattan Bank NA. Hughes had access to these bank credits via a US$50 billion "commitment" extended to him by the Bankers Trust Company.

To fund the purchase, Ecoban needed the support of a bank and turned to Midland Bank Aval Limited (MidAval), the forfaiting subsidiary of Midland Bank Group International Trade Services (MiBGITS). MidAval, once wholly owned by Midland Bank, had, shortly before commencing with the Hammer transaction, concluded a private agreement with Sir William Purvis, Chairman of the Hongkong and Shanghai Banking Corporation, wherein HSBC purchased a controlling equity stake in MidAval. This meant that MidAval was 60% owned by HSBC and 40% owned by Midland Bank.[17]

Accordingly, on 12 October 1989, MidAval issued a letter agreeing to purchase "$100 million *with rolls until funds are exhausted* of documentary letters of credit…"[18] An earlier MidAval letter (dated 25 September 1989) stated that they "irrevocably commit to purchase the above letters of credit and pay the amount agreed between you and Ecoban Limited ('the purchase price') to Citibank NA, Lugano".

The reference to "Lugano" was deleted in later letters at the specific request of Nantucket's Peter Seaman, as detailed in his 11 October 1989, letter to Brian Fitzpatrick, the Managing Director of Ecoban Limited. Lugano was of some considerable importance—as we shall see later—but not least because it was at Union Bank of Switzerland in Lugano where, according to Dan Hughes, the actual trading of the Hammer programme took place.

Meanwhile, MidAval's letter was addressed to Jardine, Emett & Chandler, New England, Inc., in Boston, USA, which acted as an agent for MidAval. On the strength of MidAval's signed and authorised letter, Jardine, Emett & Chandler issued its own "Request for collateral instruments" under its letterhead. This letter, dated 12 October 1989, bore the reference "Midland Bank Aval Limited for Ecoban Limited".

To close the circle, Dan Hughes had earlier instructed his attorney, Oswald (Ozzie) Howe, Jr, of the Miami law firm Mershon, Sawyer, Johnston, Dunwoody & Cole, to cause to be issued a sight draft, dated 6 October 1989, drawn on the Southeast Bank NA, Miami, and payable to Bankers Trust Company, for the sum of US$50,000. A further sight draft was issued in the amount of US$25,000, at the request of Bankers Trust. Following this sequence of events, nothing happened and no draws were made against the sight drafts issued by Southeast Bank in favour of Bankers Trust. But on 18 October 1989, Hughes received a time and sequence confirmation from Joan Johnson, Vice President and Operations Manager of the Security Pacific bank in Los Angeles, which Hughes believes activated his transaction through a "back door" arrangement which would cut him out of his commission.[19] Thereafter, Peter Seaman point-blank and inexplicably refused to speak with Hughes again.

General Cocke was an experienced banker from a long line of bankers and was a former full-time US representative at the World Bank. Intimately familiar with the operational techniques of trading programmes, he was asked: "Can you explain in a general way how it [Hammer] functioned, that it was a trade programme, for those of us that are not familiar?"

The stock way all big banks, all central banks, change within themselves and curtail their balances, build up their peaks and then sell it.

He went on to explain that "most of it is done in a four-week program to be technically correct" and involved the trading of banking instruments—usually known as "collateral"—that are heavily discounted and then sold off.

To appreciate the subtleties of how the diversion of this particular "portal" into Project Hammer may have occurred, it is instructive to look at the connections and associations of the principal players.

MAPPING THE COVERT CONNECTIONS

To appreciate the subtleties of how the diversion of this particular "portal" into Project Hammer may have occurred, it is instructive to look at the connections and associations of the principal players.[20]

• **Ecoban:** In addition to Ecoban Limited in London, there was the affiliated Ecoban Finance Limited that conducted business out of an address on Third Avenue in New York City.

A one-time President and CEO of Ecoban Finance Limited in New York was Jim Demitrieus, who more recently was the President and Chief Operating Officer of Ixnet/IPC, which was acquired by Global Crossing in June 2000. Global Crossing was one of the US firms that recently suffered a spectacular collapse together with Worldcom, Enron and the accountancy firm Arthur Andersen. All were subjected to a welter of media attention for what was believed to have been unparalleled insider trading activities by senior executives.

Earlier in his career, Demitrieus "served as senior vice president and chief operating officer of the Commodity Division of Drexel Burnham Lambert, Inc., responsible for the precious metals, energy products, foreign exchange trading subsidiary and institutional brokerage division". Of interest here is the little known fact that Drexel, Burnham, Lambert, New York, was a recipient of gold bullion from Philippine dictator Ferdinand Marcos in January 1984. It is not clear from Mr Demitrieus's available *vitae* if this was the same time period he was the Senior Vice President of Drexel's bullion business, but I am informed this is probably the case. Before that, Demitrieus "held senior-level financial positions with Freeport–McMoRan, ITT and Arthur Andersen".[21]

Significantly, Freeport–McMoRan, back when it was Freeport Sulphur, positively heaved with CIA and elite heavy-hitters—not to mention persistent whispers of its involvement in the recovery of plundered gold stashed in Indonesia, where Freeport had the world's largest copper mining operation. Over the years, the Freeport senior management has included such luminaries as Augustus "Gus" Long, Chairman of Texaco, who did "prodigious volunteer work for Columbia Presbyterian Hospital"—which has been described as a "hotbed of CIA activity".[22]

Another director was Robert Lovett, who has been described as a "Cold War architect" and was once an executive at the old Wall Street bank of Brown Brothers Harriman. He also served as an Under Secretary of State, Assistant Secretary of War and Secretary of Defense. He was a best friend of Chase Manhattan Bank Chairman (and Warren Commission member) John J. McCloy.

The Chase Manhattan and Citibank connection to Freeport was further enhanced by the board appointment of Godfrey Rockefeller, brother of James Stillman Rockefeller who was appointed Chairman of Citibank (then known as First National City Bank, or FNCB for short) in 1959. (Note, too, that Chase Manhattan and Citibank are the exact same two banks that were to issue the Project Hammer documentary letters of credit.) Godfrey Rockefeller was a one-time trustee of the Fairfield Foundation that financed a variety of CIA "fronts". Meanwhile, Stillman's cousin, David Rockefeller, was Chairman of Chase Manhattan and regarded as the "goliath of American banking".[23]

By a strange coincidence of fate, it was Robert Lovett and John J. McCloy who, together with Robert B. Anderson, formed Secretary of War Henry L. Stimson's team of financial experts concerned with tracking WWII gold looted by the Axis powers. Indeed, Lovett and McCloy were responsible for negotiating the secret agreement hidden behind the Bretton Woods Agreement concerning the establishment of the Black Eagle trust that was to make use of plundered WWII bullion in the postwar years.[24]

• **Midland Bank:** When looking at MidAval's parent, Midland Bank Group International Trade Services (MiBGITS), one could do worse than read the very informative book by former arms company chairman Gerald James, entitled *In the Public Interest*. James recounts numerous chilling accounts of Her Majesty's intelligence service MI6's deep involvement with the MiBGITS special defence unit. Included are details of Stephan Kock, who James claims to have been a former head of the Foreign Office's so-called assassination squad, Group 13. Another intelligence-connected individual named in James's book is Sir John Cuckney, who was a non-executive director of Midland Bank from 1978 until 1988 and was responsible for having formed the defence unit in the first place. Gerald James and his munitions company Astra also had dealings with, and a private account at, MidAval.[25]

Kock's boss at Midland was Comte Herve de Carmoy, a Frenchman and a leading light on the Trilateral Commission. He left Midland in 1988 to take up the position as the most senior executive of Belgium's massive transnational company, Société Générale. He was replaced as head of Midland International by John Louden, a multilinguist who had an unfortunate speech impediment—leading wags in the bank to say of him that he could stutter in seven languages. De Carmoy's departure was followed by that of both Cuckney and Kock, after what Gerald James describes as "funny practices" relating to a loss of £100 million involving all three men.[26]

Although a similar amount to the MidAval's Project Hammer transaction, this sum of £100 million cannot have been the same money for two reasons. Firstly, the Hammer amount was in dollars and not pounds, and was discounted at approximately 4% over the prevailing one-year interest rate (LIBOR—the London Interbank Borrowing Rate). For US banks of the standing of Chase and Citibank, at that time a market rate of perhaps one quarter of 1%—or, at most, one half of 1%—was applicable. Four per cent was unheard of by a very long shot indeed. Secondly, at least a year separated the two movements of money.

Even so, there are notable connections between the MidAval CEO Ian Guild and Herve de Carmoy (who was known in the bank as "Herve the Swerve"). Firstly, de Carmoy was Guild's overall boss. Secondly, shortly after de Carmoy moved to Société Générale, a valued employee of MidAval (also a Frenchman, referred to in-house by the affectionate nickname of "Froggy") left MidAval employment to take up the post of Chef du Cabinet at the specific invitation of de Carmoy. Thirdly, Guild and the other two senior executives, plus some other staff, left Midland in 1990 to form IndoSuez Aval Limited. IndoSuez Bank was directly owned by Société Générale and negotiations between de Carmoy, his Chef du Cabinet—the former MidAval employee—and the three senior MidAval executives had been ongoing for almost a year before satisfactory terms were settled.

Following the takeover of Midland Bank by HSBC, MidAval had its name changed to HSBC Forfaiting Limited. It was dissolved in February 2000. Former staff had long since scattered with the four winds. IndoSuez Aval Limited is likewise now defunct.

Continued next issue ...

Author's Note:

Documents and other exhibits in support of this story are available on my website, http://www.deepblacklies.co.uk, where they can be downloaded by interested readers.

About the Author:

David Guyatt spent 28 years working as an investment banker in the City of London. His last position was as a divisional treasurer of a major international bank.

David now pursues a career in journalism, writing for a variety of media and researching and producing factual material on a wide range of associated subjects. This is his 10th article for NEXUS, the most recent published in 9/01–9/02 ("Project Hammer" parts one and two).

In addition to his feature writing, David has prepared background papers on Anti-Personnel Electromagnetic Weapons for the International Committee of the Red Cross (ICRC), was a contributing member of ICRC's SIrUS Project that sought to define criteria for judging "abhorrent weapons", and has written for the World Development Movement on his "insider's knowledge" of international weapons financing. He has been a consultant on Swiss and UK TV documentaries, exposing the threat of non-lethal weapons and Britain's weapons trail to Indonesia. He assisted the US-based law firm Easton & Levy in its lawsuit against the Vatican for the restitution of the Nazi Croatian Treasury which was illicitly transferred to the Vatican and elsewhere at the end of World War II.

David has recently completed an in-depth investigation into the black market of gold and has published it as an electronic book, titled "The Secret Gold Treaty", which is available through his home page at http://www.deepblacklies.co.uk.

Endnotes

1. Available for free download at http://www.deepblacklies.co.uk; also see NEXUS 9/01–9/02.
2. See Project Hammer part one, "The Project Hammer File", freely available on my website, http://www.deepblacklies.co.uk.
3. Information about Project Hammer has been garnered from numerous sources. Those sources that I am able to name are named in the text. The remainder remain confidential.
4. Page 51 of General Cocke's affidavit. One of the CIA "sources" was the slush fund controlled by Japanese Liberal Democrat Party bosses and known as the "M-fund", after General MacArthur's economic supremo in Tokyo, General Marquat.
5. General Cocke's 67-page affidavit is available for free download at my website, http://www.deepblacklies.co.uk: just click on the Project Hammer File link and follow the instructions.
6. See Jonathan Kwitny's excellent book, *The Crimes of Patriots* (Touchstone Books, New York, 1987), for a detailed background on the Nugan Hand Bank affair.
7. See http://www.deepblacklies.co.uk/cocke-news.html for a copy of the CIA's letter.
8. See http://www.deepblacklies.co.uk/cocke-news.html for a copy of the cover sheet of John Reed's affidavit.
9. See page 43 of Cocke's deposition at lines 11, 12 and 13.
10. From Cocke's affidavit.
11. See pages 40 and 41 of Cocke's deposition at lines 19 through 21 and 1 through 6.
12. ibid., page 41 at lines 9 and 10.
13. If one includes the inflationary effect over this time period, it would reveal that the sale price is, in fact, a great deal less now than it was almost 50 years ago, which is more than curious. Nor does the leasing agreement over this same period seem especially lucrative.
14. It is not clear from the banking records I have viewed online, but it looks as though the Astor Trust Company was absorbed into an entity that formed part of the Bankers Trust Company.
15. See *Dope, Inc*. (EIR, 1992).
16. Forfaiting is the discounting of bank-guaranteed receivables (Aval) on a non-recourse basis.
17. I use the term "private agreement" under advice—following a recent telephone conversation with a representative of Companies House, who told me that no change of ownership notification had been made for MidAval at that time. MidAval had first been registered as a limited company under the shelf registration name of "Diplema Twenty Nine Limited" in June 1983. A change of name to Midland Bank Aval Limited was formally notified to Companies House in April 1996—although the firm had been trading in the name of Midland Bank Aval Limited from day one. Following the full buy-out of Midland Bank PLC by the HSBC Group, MidAval had its name changed to HSBC Forfaiting Limited. The company was dissolved in February 2000.
18. Italics are mine.
19. Sworn and notarised affidavit of Dan Hughes, dated December 31, 1990.
20. There are believed to have been numerous different "portals" providing access into Project Hammer over the period of its life. The Dan Hughes transaction was one of these—albeit a significant and "early" one, according to the testimony of General Erle Cocke.
21. Demitrieus's *vitae* is drawn from that published on the Global Crossing website.
22. For details concerning the Freeport Board of Directors, see Internet report entitled "Freeport Sulphur's Powerful Board of Directors".
23. See Phillip Zweig's massive book, *Wriston* (Crown Publishers, New York, 1995) for comprehensive background on Citibank and Chase.
24. For details of these three gentlemen's involvement in the Black Eagle Trust, see Seagrave's self-published book, *Gold Warriors*; details are available on my website, http://www.deepblacklies.co.uk, linked under the heading of "The Seagrave Affair" on the main page.
25. I know much of the inner workings of MidAval for the simple reason that I was the Treasurer and an Associate Director of that firm until 1991. However, I knew nothing of the Project Hammer deal that was strictly handled by the three principal executive directors.
26. See details on page 164 of Gerald James's book, *In the Public Interest* (Warner Books/Little, Brown, London, 1996).